House Study Bill 514 - Introduced

HOUS	SE FILE	
ВУ	(PROPOSED COMMITTEE O	N
	TRANSPORTATION BILL B	Y
	CHAIRPERSON BYRNES)	

A BILL FOR

- 1 An Act increasing the rate of the excise taxes on motor
- 2 fuel and certain special fuel used in motor vehicles
- and providing for the use of revenues resulting from the
- 4 increase.
- 5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 1 Section 1. Section 312.2, Code 2014, is amended by adding
- 2 the following new subsection:
- 3 NEW SUBSECTION. 18. a. The treasurer of state, before
- 4 making the allotments provided for in this section, shall
- 5 credit monthly from the road use tax fund to the TIME-21 fund
- 6 created in section 312A.2 the revenue accruing to the road use
- 7 tax fund from the excise tax on motor fuel and special fuel for
- 8 diesel engines of motor vehicles in the amount equal to the
- 9 revenues collected as follows:
- 10 (1) For the period beginning July 1, 2014, and ending June
- 11 30, 2015, the following amounts:
- 12 (a) The amount of excise tax collected under section 452A.3,
- 13 subsection 1, paragraph "b", from three cents per gallon.
- 14 (b) The amount of excise tax collected under section 452A.3,
- 15 subsection 3, paragraph "b", subparagraph (1), from three cents
- 16 per gallon.
- 17 (2) For the period beginning July 1, 2015, and ending June
- 18 30, 2016, the following amounts:
- 19 (a) The amount of excise tax collected under section 452A.3,
- 20 subsection 1, paragraph "c", from six cents per gallon.
- 21 (b) The amount of excise tax collected under section 452A.3,
- 22 subsection 3, paragraph b'', subparagraph (2), from six cents
- 23 per gallon.
- 24 (3) Beginning July 1, 2016, the following amounts:
- 25 (a) The amount of excise tax collected under section 452A.3,
- 26 subsection 1, paragraph "d", or, after June 30, 2024, under
- 27 section 452A.3, subsection 1A, from ten cents per gallon.
- 28 (b) The amount of excise tax collected under section 452A.3,
- 29 subsection 3, paragraph b'', subparagraph (3), from ten cents
- 30 per gallon.
- 31 b. This subsection is repealed June 30, 2028.
- 32 Sec. 2. Section 452A.3, subsections 1 and 1A, Code 2014, are
- 33 amended to read as follows:
- 34 1. Except as otherwise provided in this section and in this
- 35 division, until June 30, 2014 2024, this subsection shall apply

1 to the excise tax imposed on each gallon of motor fuel used for

2 any purpose for the privilege of operating motor vehicles in

- 3 this state.
- 4 a. The rate of the excise tax shall be based on the number
- 5 of gallons of ethanol blended gasoline that is distributed
- 6 in this state as expressed as a percentage of the number of
- 7 gallons of motor fuel distributed in this state, which is
- 8 referred to as the distribution percentage. For purposes of
- 9 this subsection, only ethanol blended gasoline and nonblended
- 10 gasoline, not including aviation gasoline, shall be used in
- 11 determining the percentage basis for the excise tax. The
- 12 department shall determine the percentage basis for each
- 13 determination period beginning January 1 and ending December
- 14 31. The rate for the excise tax shall apply for the period
- 15 beginning July 1 and ending June 30 following the end of the
- 16 determination period.
- 17 b. The For the period beginning July 1, 2014, and ending
- 18 June 30, 2015, the rate for the excise tax shall be as follows:
- 19 (1) If the distribution percentage is not greater than
- 20 fifty percent, the rate shall be nineteen twenty-two cents for
- 21 ethanol blended gasoline and twenty twenty-three cents for
- 22 motor fuel other than ethanol blended gasoline.
- 23 (2) If the distribution percentage is greater than fifty
- 24 percent but not greater than fifty-five percent, the rate shall
- 25 be nineteen twenty-two cents for ethanol blended gasoline and
- 26 twenty twenty-three and one-tenth cents for motor fuel other
- 27 than ethanol blended gasoline.
- 28 (3) If the distribution percentage is greater than
- 29 fifty-five percent but not greater than sixty percent, the rate
- 30 shall be nineteen twenty-two cents for ethanol blended gasoline
- 31 and twenty twenty-three and three-tenths cents for motor fuel
- 32 other than ethanol blended gasoline.
- 33 (4) If the distribution percentage is greater than sixty
- 34 percent but not greater than sixty-five percent, the rate shall
- 35 be nineteen twenty-two cents for ethanol blended gasoline and

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1 twenty twenty-three and five-tenths cents for motor fuel other
2 than ethanol blended gasoline.

- 3 (5) If the distribution percentage is greater than
 4 sixty-five percent but not greater than seventy percent, the
 5 rate shall be nineteen twenty-two cents for ethanol blended
 6 gasoline and twenty twenty-three and seven-tenths cents for
 7 motor fuel other than ethanol blended gasoline.
- 8 (6) If the distribution percentage is greater than seventy 9 percent but not greater than seventy-five percent, the rate 10 shall be nineteen twenty-two cents for ethanol blended gasoline 11 and twenty-one twenty-four cents for motor fuel other than 12 ethanol blended gasoline.
- 13 (7) If the distribution percentage is greater than
 14 seventy-five percent but not greater than eighty percent,
 15 the rate shall be nineteen twenty-two and three-tenths cents
 16 for ethanol blended gasoline and twenty twenty-three and
 17 eight-tenths cents for motor fuel other than ethanol blended
 18 gasoline.
- 19 (8) If the distribution percentage is greater than eighty
 20 percent but not greater than eighty-five percent, the rate
 21 shall be <u>nineteen twenty-two</u> and five-tenths cents for ethanol
 22 blended gasoline and twenty twenty-three and seven-tenths cents
 23 for motor fuel other than ethanol blended gasoline.
- 24 (9) If the distribution percentage is greater than
 25 eighty-five percent but not greater than ninety percent, the
 26 rate shall be nineteen twenty-two and seven-tenths cents
 27 for ethanol blended gasoline and twenty twenty-three and
 28 four-tenths cents for motor fuel other than ethanol blended
 29 gasoline.
- 30 (10) If the distribution percentage is greater than ninety 31 percent but not greater than ninety-five percent, the rate 32 shall be nineteen twenty-two and nine-tenths cents for ethanol 33 blended gasoline and twenty twenty-three and one-tenth cents 34 for motor fuel other than ethanol blended gasoline.
- 35 (11) If the distribution percentage is greater than

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- 1 ninety-five percent, the rate shall be twenty twenty-three
- 2 cents for ethanol blended gasoline and twenty twenty-three
- 3 cents for motor fuel other than ethanol blended gasoline.
- 4 c. For the period beginning July 1, 2015, and ending June
- 5 30, 2016, the rate for the excise tax shall be as follows:
- 6 (1) If the distribution percentage is not greater than
- 7 fifty percent, the rate shall be twenty-five cents for ethanol
- 8 blended gasoline and twenty-six cents for motor fuel other than
- 9 ethanol blended gasoline.
- 10 (2) If the distribution percentage is greater than fifty
- 11 percent but not greater than fifty-five percent, the rate
- 12 shall be twenty-five cents for ethanol blended gasoline and
- 13 twenty-six and one-tenth cents for motor fuel other than
- 14 ethanol blended gasoline.
- 15 (3) If the distribution percentage is greater than
- 16 fifty-five percent but not greater than sixty percent, the rate
- 17 shall be twenty-five cents for ethanol blended gasoline and
- 18 twenty-six and three-tenths cents for motor fuel other than
- 19 ethanol blended gasoline.
- 20 (4) If the distribution percentage is greater than sixty
- 21 percent but not greater than sixty-five percent, the rate
- 22 shall be twenty-five cents for ethanol blended gasoline and
- 23 twenty-six and five-tenths cents for motor fuel other than
- 24 ethanol blended gasoline.
- 25 (5) If the distribution percentage is greater than
- 26 sixty-five percent but not greater than seventy percent, the
- 27 rate shall be twenty-five cents for ethanol blended gasoline
- 28 and twenty-six and seven-tenths cents for motor fuel other than
- 29 ethanol blended gasoline.
- 30 (6) If the distribution percentage is greater than seventy
- 31 percent but not greater than seventy-five percent, the rate
- 32 shall be twenty-five cents for ethanol blended gasoline and
- 33 twenty-seven cents for motor fuel other than ethanol blended
- 34 gasoline.
- 35 (7) If the distribution percentage is greater than

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- 1 seventy-five percent but not greater than eighty percent, the
- 2 rate shall be twenty-five and three-tenths cents for ethanol
- 3 blended gasoline and twenty-six and eight-tenths cents for
- 4 motor fuel other than ethanol blended gasoline.
- 5 (8) If the distribution percentage is greater than eighty
- 6 percent but not greater than eighty-five percent, the rate
- 7 shall be twenty-five and five-tenths cents for ethanol blended
- 8 gasoline and twenty-six and seven-tenths cents for motor fuel
- 9 other than ethanol blended gasoline.
- 10 (9) If the distribution percentage is greater than
- 11 eighty-five percent but not greater than ninety percent, the
- 12 rate shall be twenty-five and seven-tenths cents for ethanol
- 13 blended gasoline and twenty-six and four-tenths cents for motor
- 14 fuel other than ethanol blended gasoline.
- 15 (10) If the distribution percentage is greater than ninety
- 16 percent but not greater than ninety-five percent, the rate
- 17 shall be twenty-five and nine-tenths cents for ethanol blended
- 18 gasoline and twenty-six and one-tenth cents for motor fuel
- 19 other than ethanol blended gasoline.
- 20 (11) If the distribution percentage is greater than
- 21 ninety-five percent, the rate shall be twenty-six cents for
- 22 ethanol blended gasoline and twenty-six cents for motor fuel
- 23 other than ethanol blended gasoline.
- 24 d. For the period beginning July 1, 2016, and ending June
- 25 30, 2024, the rate for the excise tax shall be as follows:
- 26 (1) If the distribution percentage is not greater than
- 27 fifty percent, the rate shall be twenty-nine cents for ethanol
- 28 blended gasoline and thirty cents for motor fuel other than
- 29 ethanol blended gasoline.
- 30 (2) If the distribution percentage is greater than fifty
- 31 percent but not greater than fifty-five percent, the rate shall
- 32 be twenty-nine cents for ethanol blended gasoline and thirty
- 33 and one-tenth cents for motor fuel other than ethanol blended
- 34 gasoline.
- 35 (3) If the distribution percentage is greater than

- 1 fifty-five percent but not greater than sixty percent, the rate
- 2 shall be twenty-nine cents for ethanol blended gasoline and
- 3 thirty and three-tenths cents for motor fuel other than ethanol
- 4 blended gasoline.
- 5 (4) If the distribution percentage is greater than sixty
- 6 percent but not greater than sixty-five percent, the rate shall
- 7 be twenty-nine cents for ethanol blended gasoline and thirty
- 8 and five-tenths cents for motor fuel other than ethanol blended
- 9 gasoline.
- 10 (5) If the distribution percentage is greater than
- 11 sixty-five percent but not greater than seventy percent, the
- 12 rate shall be twenty-nine cents for ethanol blended gasoline
- 13 and thirty and seven-tenths cents for motor fuel other than
- 14 ethanol blended gasoline.
- 15 (6) If the distribution percentage is greater than seventy
- 16 percent but not greater than seventy-five percent, the rate
- 17 shall be twenty-nine cents for ethanol blended gasoline and
- 18 thirty-one cents for motor fuel other than ethanol blended
- 19 gasoline.
- 20 (7) If the distribution percentage is greater than
- 21 seventy-five percent but not greater than eighty percent, the
- 22 rate shall be twenty-nine and three-tenths cents for ethanol
- 23 blended gasoline and thirty and eight-tenths cents for motor
- 24 fuel other than ethanol blended gasoline.
- 25 (8) If the distribution percentage is greater than eighty
- 26 percent but not greater than eighty-five percent, the rate
- 27 shall be twenty-nine and five-tenths cents for ethanol blended
- 28 gasoline and thirty and seven-tenths cents for motor fuel other
- 29 than ethanol blended gasoline.
- 30 (9) If the distribution percentage is greater than
- 31 eighty-five percent but not greater than ninety percent, the
- 32 rate shall be twenty-nine and seven-tenths cents for ethanol
- 33 blended gasoline and thirty and four-tenths cents for motor
- 34 fuel other than ethanol blended gasoline.
- 35 (10) If the distribution percentage is greater than ninety

- 1 percent but not greater than ninety-five percent, the rate
- 2 shall be twenty-nine and nine-tenths cents for ethanol blended
- 3 gasoline and thirty and one-tenth cents for motor fuel other
- 4 than ethanol blended gasoline.
- 5 (11) If the distribution percentage is greater than
- 6 ninety-five percent, the rate shall be thirty cents for ethanol
- 7 blended gasoline and thirty cents for motor fuel other than
- 8 ethanol blended gasoline.
- 9 lA. Except as otherwise provided in this section and in this
- 10 division, after June 30, 2014 2024, an excise tax of twenty
- 11 thirty cents is imposed on each gallon of motor fuel used for
- 12 any purpose for the privilege of operating motor vehicles in
- 13 this state.
- 14 Sec. 3. Section 452A.3, subsection 3, Code 2013, is amended
- 15 to read as follows:
- 16 3. a. For the privilege of operating motor vehicles or
- 17 aircraft in this state, there is imposed an excise tax on the
- 18 use of special fuel in a motor vehicle or aircraft. The
- 19 b. (1) For the period beginning July 1, 2014, and ending
- 20 June 30, 2015, the tax rate on special fuel for diesel engines
- 21 of motor vehicles other than biodiesel blended fuel classified
- 22 as B-10 or higher is twenty-two twenty-five and one-half cents
- 23 per gallon.
- 24 (2) For the period beginning July 1, 2015, and ending June
- 25 30, 2016, the tax rate on special fuel for diesel engines of
- 26 motor vehicles other than biodiesel blended fuel classified as
- 27 B-10 or higher is twenty-eight and one-half cents per gallon.
- 28 (3) After June 30, 2016, the tax rate on special fuel for
- 29 diesel engines of motor vehicles other than biodiesel blended
- 30 fuel classified as B-10 or higher is thirty-two and one-half
- 31 cents per gallon.
- 32 (4) The tax rate on biodiesel blended fuel classified
- 33 as B-10 or higher for diesel engines of motor vehicles is
- 34 twenty-two and one-half cents per gallon.
- 35 (5) The rate of tax on special fuel for aircraft is three

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1 cents per gallon.

- 2 <u>(6)</u> On all other special fuel, unless otherwise specified in 3 this section, the per gallon rate is the same as the motor fuel 4 tax.
- 5 c. Indelible dye meeting United States environmental
- 6 protection agency and internal revenue service regulations must
- 7 be added to fuel before or upon withdrawal at a terminal or
- 8 refinery rack for that fuel to be exempt from tax and the dyed
- 9 fuel may be used only for an exempt purpose.
- 10 Sec. 4. APPLICABILITY INVENTORY TAX. Notwithstanding
- 11 section 452A.85, persons who have title to motor fuel, ethanol
- 12 blended gasoline, undyed special fuel, compressed natural gas,
- 13 or liquefied petroleum gas in storage and held for sale on
- 14 the effective date of an increase in the rate of excise tax
- 15 imposed on motor fuel, ethanol blended gasoline, or special
- 16 fuel pursuant to this Act shall not be subject to an inventory
- 17 tax on the gallonage in storage as provided in section 452A.85
- 18 as a result of the tax increases provided in this Act.
- 19 EXPLANATION
- The inclusion of this explanation does not constitute agreement with the explanation's substance by the members of the general assembly.
- 22 This bill contains provisions relating to the excise taxes
- 23 on motor fuel and certain special fuel used in motor vehicles.
- 24 The bill increases the rate of the excise taxes on motor
- 25 fuel and special fuel for diesel engines of motor vehicles,
- 26 other than biodiesel blended fuel classified as B-10 or
- 27 higher, by three cents beginning July 1, 2014, by an additional
- 28 three cents beginning July 1, 2015, and by an additional four
- 29 cents beginning July 1, 2016. The additional revenues shall
- 30 be credited to the TIME-21 fund, subject to the statutory
- 31 limitation on annual deposits to that fund. After the repeal
- 32 of the TIME-21 fund on June 30, 2028, the revenues will accrue
- 33 to the road use tax fund.
- The bill provides that the distribution percentage formula
- 35 for determining the difference in the excise tax imposed on

- 1 ethanol blended gasoline and motor fuel other than ethanol
- 2 blended gasoline, which is due to expire on June 30, 2014, is
- 3 extended until June 30, 2024.
- 4 Pursuant to current law, when the rate of excise tax on
- 5 motor fuel, ethanol blended gasoline, undyed special fuel,
- 6 compressed natural gas, or liquefied petroleum gas is increased
- 7 by more than one-half cent per gallon, a person who has title
- 8 to such fuel held in storage for eventual sale is subject to an
- 9 inventory tax based on the gallonage in storage at the close of
- 10 the business day preceding the effective date of the increase.
- 11 The bill waives that requirement by stating that the inventory
- 12 tax shall not be imposed as a result of the tax increases
- 13 provided in the bill.